

EXHIBIT 13

From: Nathaniel Singer
Sent: Wed 12/10/2008 9:52 AM (GMT -8)
To: "Peter Shapiro" <pshapiro@swapfinancial.com>, "James Vergara" <jvergara@swapfinancial.com>
Cc:
Bcc:
Subject: RE: Lehman Brothers Forward Purchase Agreement
Attachments: DSRF Term Sheet 09 Dec 200800001.pdf

I spoke with Kym Arnone. She said that the only headway they have made w.r.t. replacing these agreements is with ING. ING is offering an uncollateralized GIC at around 5.25%. Probably higher yielding than most (or all) of the FDAs, but you are taking credit exposure to ING (AA/AA I think). This offers a solution to the replacement issue but not to the valuation issue. We could try to get MQs, but we may be better off finding out the levels of the last real executions for these agreements. Assuming that they were done at L-xxx basis points, we could price the agreements based on those levels and adjust for (1) bid/offer and (2) the declining credit quality of tobacco bonds (as measured by bond trading data). Anyway you go about it, Lehman will owe the issuer a boat load of money. We submit the claim, work on a replacement, and wait to hear back from Lehman.

From: Peter Shapiro [mailto:pshapiro@swapfinancial.com]
Sent: Tuesday, December 09, 2008 3:39 PM
To: 'Nathaniel Singer'; 'James Vergara'
Subject: RE: Lehman Brothers Forward Purchase Agreement

Very interesting, and difficult, situation. Do you have any idea for a reasonable fix on this?

The Washington folks are smart, and this is our first opening into something other than housing there, although the staff on this looks like it's the same as housing.

From: Nathaniel Singer [mailto:nsinger@swapfinancial.com]
Sent: Tuesday, December 09, 2008 9:57 AM
To: 'Peter Shapiro'; 'James Vergara'
Subject: RE: Lehman Brothers Forward Purchase Agreement

We dealt with this issue on the Ohio tobacco deal last month. PFM was coming up with numbers that showed Ohio owed Lehman a Termination Amount, while we came up with a huge figure that Lehman owed the client. Our level was confirmed by speaking with the two largest tobacco players, Citi and the former Bear traders. Given where Tobacco bonds are trading (Buckeye tobacco bonds traded yesterday at 14%), I would assume that a current FPA would be priced well below LIBOR as the last trades were occurring around L-150ish. This puts the absolute fixed rate below 1.50%. Assuming their FPA is in the 4 to 4.50% range (that is where Buckeye and New York was), Lehman owes them an enormous amount of money. The problem is, they will probably never see the money and most of these deals relied upon reserve fund earnings for a portion of their debt service coverage. The inability to secure a new FPA can very easily trigger a downgrade as they are going to fail their debt service ratio tests. This is the problem SONYMA has on their tobacco deal.

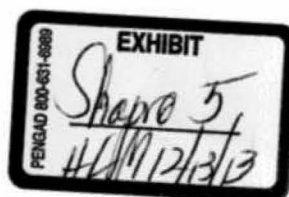
From: Peter Shapiro [mailto:pshapiro@swapfinancial.com]
Sent: Tuesday, December 09, 2008 1:14 AM
To: 'James Vergara'
Cc: 'Nathaniel Singer'
Subject: FW: Lehman Brothers Forward Purchase Agreement
Importance: High

James:

I just cc'ed you on the reply I sent to Bob Cook on this matter. Here's the document relating to the agreement. Please take a look and figure out how we'd put a value on this.

Best,

Peter



Debtors' Ex. 31

SFG_001916

From: Bob Cook [mailto:Robert.D.Cook@wshfc.org]
Sent: Monday, December 08, 2008 3:19 PM
To: Peter Shapiro
Cc: Reich, Jay; Debra L. Stephenson
Subject: Lehman Brothers Forward Purchase Agreement

Peter,

The Tobacco Settlement Authority, staffed by the Washington State Housing Finance Commission, has a Forward Purchase agreement with Lehman Brothers in a face amount of about \$45mm. Leman failed to provide new collateral securities earlier this month and is in breach of the contract. In order to make a claim for damages, we would like to consider engaging you and your firm to provide a methodology of how we could reasonably obtain a true market termination value from time-to-time in this uncertain market.

Jay Reich and I would like to set up a time to talk with you more in-depth about this. Can you offer some times over the next few days, as early as later today, that you might be available?

I have attached for your reference, a copy of the agreement. Please let me know if you have difficulty opening the document.

Bob Cook

Washington State Housing Finance Commission
Senior Director • Finance & IT Services

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